

# Cleveland to seek rate hikes of up to 82 percent for water

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The Cleveland Water Department wants to increase rates 82 percent over the next 4½ years for city residents and around 50 percent for suburban customers.

Mayor Frank Jackson's administration presented the proposed rates to City Council on Monday. The legislation is scheduled to be introduced Monday and is expected to draw criticism from suburban mayors who are angry about chronic billing and customer-service problems.

To address falling revenues

and declining consumption, the department proposes to make the bulk of the increase a fixed fee charged to all customers regardless of how much water they use.

The proposed increase calls for increasing the current \$7 quarterly fee for residential customers to \$18 starting July 1. It would remain at \$18 next year and then increase \$3 annually starting in 2013. Customers also would see increases in the amount charged for water use starting in 2012.

For many customers the water hikes would probably kick in at the same time as increases in their sewer bills.

The regional sewer district, citing \$3.3

billion in improvements required by the U.S. Environmental Protection Agency, wants to raise fees 75 percent by 2016. Average suburban residential customers would see their quarterly sewer bills go from \$90 this year to \$157 in 2016.

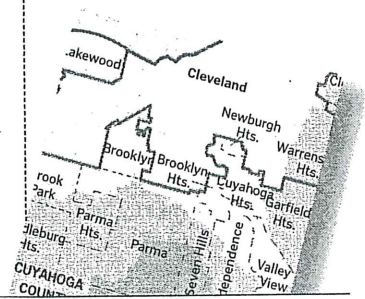
Cleveland's Water Department serves 1.5 million customers in 70 communities in five counties.

Jackson and his administration have said the water department needs to raise rates because of declining usage, higher costs and a requirement that its net revenues exceed the cost of its annual payments on \$1.1 billion in debt.

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## Map inside

Check out the Cleveland Water Department's proposed rate hike for your community. **A4**





# WATER

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## Rate hike of up to 82 percent

A Maryland firm the city paid to conduct a rate study indicated that the water department would not be able to make its debt payments in 2013 without a rate hike.

Council last approved water-rate hikes in 2006. Those increases carried through to last year.

The Water Department has been the target of critics for several years because of its problems in sending customers accurate bills and of its poor customer service. Jackson and Councilman Kevin Kelley recommended earlier that the city hire a "turnaround" firm to overhaul the department's management and operations.

Kelley, chairman of council's Public Utilities Committee, said in an interview Monday the administration's proposal is a starting point for council's discussions.

"Unless there's information out there I don't have, I suspect there will be some increase," Kelley said. "It seems like it will be necessary to maintain the asset."

Lyndhurst Mayor Joseph Cicero called the proposed increase "ridiculous." He said he heard from a resident Monday who had not received a water bill in nine months and was put on hold for 40 minutes after trying to reach a customer-service representative.

"They need to get their house in order before they raise prices," Cicero said.

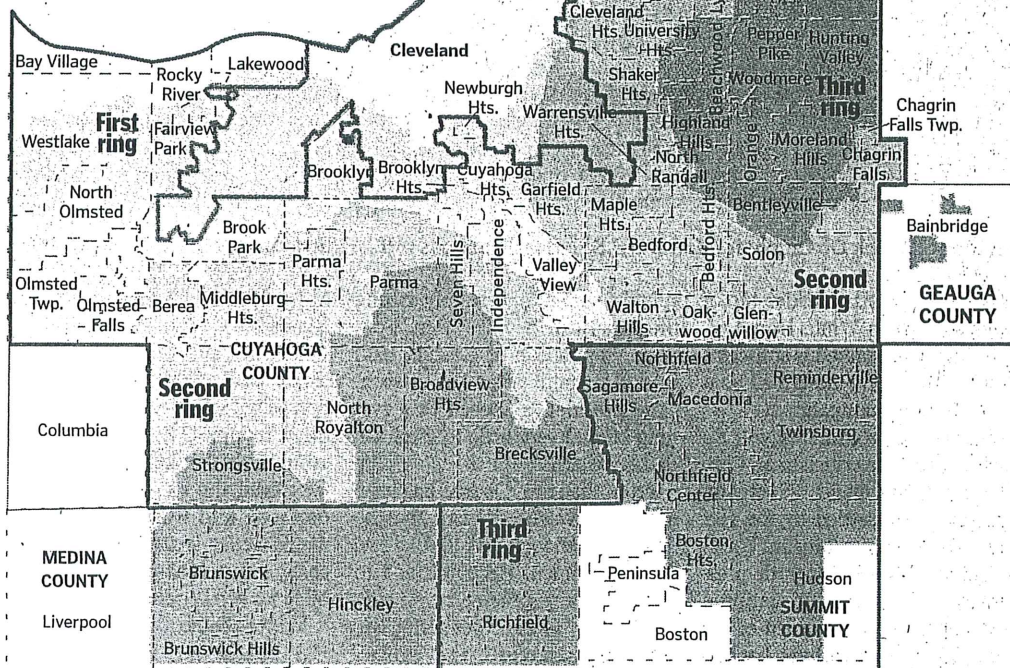
Alan Seifullah, a spokesman for the Water Department, said Monday that the current rate model is no longer sustainable, noting that consumption and revenue have been on the decrease while the department's costs continue to rise.

"The rates are what we need to maintain one of the greatest assets we have in our region," Seifullah said.

The average Cleveland customer who uses 16,000 gallons (which on customers' bills is shown as two mcf, or 2,000 cubic

## Water would cost more well into the future

The Cleveland Water Department is asking Cleveland City Council to raise rates effective July 1. Here are the proposed rates for a residential customer who uses 2 MCF — about 16,000 gallons of water — every three months:



|                         | Cleveland | First ring<br>service area | Second ring<br>service area | Third ring<br>service area |
|-------------------------|-----------|----------------------------|-----------------------------|----------------------------|
| Quarterly bills now     | \$46.48   | \$68.19                    | \$78.06                     | \$88.33                    |
| Quarterly bills in 2011 | \$57.48   | \$79.19                    | \$89.06                     | \$99.33                    |
| Quarterly bills in 2012 | \$64.78   | \$88.65                    | \$100.24                    | \$112.15                   |
| Quarterly bills in 2013 | \$71.58   | \$93.07                    | \$106.98                    | \$119.88                   |
| Quarterly bills in 2014 | \$78.11   | \$97.72                    | \$113.28                    | \$126.94                   |
| Quarterly bills in 2015 | \$84.39   | \$101.61                   | \$118.83                    | \$133.17                   |

SOURCE: Cleveland Water Department

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feet of water) every three months will see his quarterly bill jump from \$46.48 a quarter to \$84.39 a quarter in 2015.

Cleveland customers are charged the lowest rates overall, while suburban customers are charged higher rates depending on which of the three zones they live in. Based on typical usage,

customers in the zone farthest from Cleveland would see bills jump from \$88.33 per quarter to \$133.17 in 2015.

Rate increases for commercial customers would jump nearly 30 percent in Cleveland and between 8 percent and 14 percent elsewhere depending on where the business is located.

The proposed increase also calls for decreasing the discount given to homeowners who are 65 and older or are disabled and for those whose income falls below a certain threshold.

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